

MEMORANDUM



Request for City Council Committee Action

Date: October 17, 2002

To: Community Development Committee

Prepared by: Ann Calvert, Phone 612-673-5023

Approved by: Chuck Lutz, MCDA Interim Executive Director _____

Subject: GUTHRIE THEATER RIVERFRONT PROJECT
Request to Set Public Hearing on October 28 for Sale of Air Rights Parcel

Purchaser: The Guthrie Theater Foundation
725 Vineland Place
Minneapolis, Minnesota 55403

Sales Price: \$11.00 per square foot times the square footage of the "air rights" parcel to be conveyed to the Guthrie.

Offering Procedure: Negotiated.

Previous Directives: On February 2, 2001, the City Council and MCDA Board authorized execution of a letter of intent between the City, MCDA and Guthrie Theater and approved a package of pre-implementation activities. On March 23, 2001, the City Council and MCDA Board approved various actions related to an archaeological study of the Guthrie site. On May 18, 2001, the City Council and MCDA Board authorized the execution of a redevelopment agreement with the Guthrie Theater Foundation. On December 28, 2001, the MCDA Board authorized the acceptance of an easement from the Minneapolis Park and Recreation Board to facilitate the theater project. On May 3, 2002, the City Council designated the area in which the Guthrie project is located as a "targeted neighborhood" in which Port Authority bonding powers may be used.

Neighborhood Group Notification: The updated project design was presented to the Downtown Minneapolis Neighborhood Association on February 12, 2002, and to the Industry Square Project Committee on March 13, 2002.

Ward: Two

Consistency with *Building a City That Works*: Achieves Goal 4.B and D by preserving and enhancing the Guthrie Theater as a unique Minneapolis amenity and developing an MCDA-owned Central Riverfront site.

Comprehensive Plan Compliance: The overall intent of the new theater facility (as well as the level and kind of proposed activities that will be generated by its presence) is in compliance with the goals of the Comprehensive Plan.

Zoning Code Compliance: The site is zoned C3A; this zoning permits the proposed uses, assuming a Conditional Use Permit for the indoor theaters and parking facilities.

Impact on MCDA and City Budget: (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the City Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: The Guthrie Theater will enter into a business subsidy agreement with the MCDA.

Job Linkage: The Guthrie Theater will enter into a job linkage agreement with the MCDA.

Affirmative Action Compliance: The Guthrie Theater will be required to comply with affirmative action requirements.

City Council Recommendation: We recommend that the City Council: a) set a Public Hearing on October 28 for the land sale of an approximately 25,000 square foot air rights parcel at Second Street and Ninth Avenue South to the Guthrie Theater Foundation for \$11.00 per square foot, and b) approve the proposed negotiated method of sale.

Background/Supporting Information

In October of 2001, the City of Minneapolis, MCDA and Guthrie Theater Foundation executed a redevelopment agreement outlining the terms of the business relationship that will lead to the development of the Guthrie's theater complex adjacent to the Mississippi River. Since that time, the Guthrie's schematic design has been completed and includes the proposal that the Guthrie scene shop be built in an air rights parcel over the planned City parking facility to be built across the street at Second Street and Ninth Avenue South. Staff is finalizing the terms of a proposed amendment to the existing Guthrie/City/MCDA contract that is expected to be presented for consideration in the next cycle. This will include the proposal that an air rights parcel of about 25,000 square feet be sold to the Guthrie for a negotiated price of \$11.00 per square foot.

In accordance with Chapter 14.120 of the Minneapolis Code of Ordinance, the City Engineer has determined that this air rights parcel is not required for city services and the proposed sale has been reviewed and approved by the City Planning Commission and staff Permanent Review Committee. I am requesting that your committee approve the method of sale for this parcel and set a Public Hearing for the sale.

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